

W I S C O N S I N

# Office of Privacy Protection

*Safeguarding Information for Your Future*



## The State of Privacy in the State

### **Identity Theft and Fraud Are Growing Nationwide**

Identity theft and fraud are among the fastest growing crimes in the nation. Between 2003 and 2005, reports of identity theft grew by nearly 19%. The Federal Trade Commission estimates that 10 million Americans are the victims of identity theft annually.

### **Identity Theft Is Underreported**

Of the 10 million Americans that the Federal Trade Commission estimates were the victims of identity theft in 2005, only 255,565 filed complaints with the FTC. Of those 255,565, less than 100,000 notified their local police department of the theft, making identity theft one of the most underreported offenses in the country. It is estimated that over 100,000 cases of identity theft in Wisconsin go unreported each year.

### **Identity Theft Costs Consumers**

Consumers who have had their identity stolen may be responsible for all or at least a portion of the amounts fraudulently charged in their name or taken from their bank accounts. In addition, consumers must spend time and money to reclaim their identity and credit-worthiness when identity thieves strike. In some cases, consumers must even clear their names after identity thieves have committed crimes in the name of the identity theft victim. The Federal Trade Commission estimates that in 2005 consumers lost \$5.5 billion as a result of identity theft with losses to Wisconsin consumers estimated to be over \$50 million annually.

### **Identity Theft Costs Business**

Financial institutions, merchants, credit card issuers, utilities, and others also lose as a result of identity theft and fraud. They, too, lose significant amounts of money as a result of fraudulent charges or transactions. The Federal Trade Commission estimates that businesses' share of the cost of identity theft in 2005 was nearly \$47.5 billion nationally. Estimates of the amount lost by Wisconsin businesses are approximately \$900 million annually.

## **Identity Theft and Fraud Are Growing In Wisconsin**

The growth in Wisconsin of identity theft and identity fraud mirrors the national trend. Between 2003 and 2005, reports of identity theft from Wisconsin consumers grew by 20%.

## **Identity Thieves Use Victim's Information in Two Main Ways**

There are 2 primary categories of identity theft: (1) "Account takeovers" in which the identity thief uses the victim's own bank accounts, credit cards, etc., in order to fraudulently obtain goods or services. (2) "True name fraud" in which the identity thief uses the personal information of the victim to obtain new credit cards, bank accounts and loans, utility services, etc. in the victim's name. The thief then obtains goods or services by using these items.

## **Credit Card Misuse Is the Most Frequent Result of Identity Theft in Wisconsin**

26% of Wisconsin consumers reporting identity theft in 2005 claimed that their own credit cards were used by thieves or that thieves used their identities to obtain new credit cards in the consumer's name. 20% reported that their identities were used to obtain phone or utility services. 18% reported that their identities were used to commit checking account, savings account, and debit card fraud, and the remaining 46% reported that their identities were used to obtain loans, government benefits and documents or to commit other types of fraud. 18% of victims reported more than one type of misuse of their identities.

## **Identity Theft Affects All Age Groups**

Of those Wisconsin consumers filing identity theft complaints with the FTC, 58% were under 40 and 42% were 40 or older.

## **Consumers Need Help In Protecting Their Identities**

The ways in which an identity thief can steal an identity are limited only by the imagination of the thief. Identity thieves will do everything from stealing mail to hacking into business databases to steal a consumer's identity. "Phishing" and "pretexting" are new concepts to many consumers, but can be the bread and butter of many identity thieves. Consumers often lack the knowledge to take adequate precautions to protect their identities and to recognize the signs that a thief is using their identities. The Wisconsin Office of Privacy Protection can provide valuable information to consumers on the best ways to protect their identities and get regular "identity check-ups" to insure that their identities are not being used by others.

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## **Consumers Need Help In Recovering From Identity Theft**

In 2004, Americans spent 300 million hours resolving issues related to identity theft. Obtaining new credit cards, driver's licenses, social security numbers, and bank accounts are the least of the problem, though for many citizens, particularly seniors and other vulnerable populations, even these tasks can be daunting. What is even more difficult to do is clear one's name if an identity thief committed a crime using the victim's name, straightening out one's credit rating if the thief ran up a number of bills in the victim's name, and dealing with merchants or credit card companies from which the thief bought goods or services in the victim's name. Some consumers have reported that it takes several years to fully recover from the effects of identity theft. The Wisconsin Office of Privacy Protection can provide valuable information to consumers about the steps that need to be taken to recover from identity theft. It can also provide one-on-one assistance to those consumers for whom that task is overwhelming as well as intercede on behalf of consumers when despite the consumer's best efforts, problems cannot be successfully resolved.

## **Law Enforcement Needs Help In Responding to Identity Theft**

Identity theft is a felony in Wisconsin, yet there are few successful prosecutions of identity theft in the state. Law enforcement agencies are as concerned about identity theft as consumers but they often lack the training and resources necessary to apprehend identity thieves. Their task is made harder by the fact that in so many cases, identity theft crosses traditional jurisdictional lines of cities, counties, and even the state. Successful apprehension of identity theft requires coordination among all levels of law enforcement as well as cooperation between law enforcement agencies, consumers, and businesses. No single group can solve identity theft alone. Each must do its part and all must work together. The Wisconsin Office of Privacy Protection can work with law enforcement agencies to develop a coordinated strategy for reporting identity theft, tracking down the identity thieves, and successfully prosecuting them for their crimes.